

Message Text

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ORIGIN INT-08

INFO OCT-01 ISO-00 RSC-01 /010 R

66651

DRAFTED BY: OMSN:RYSCOTT:JMW

APPROVED BY:OMSN:RYSCOTT

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P 012024Z APR 74

FM SECSTATE WASHDC

TO NAVY POST GRADUATE SCHOOL MONTEREY CALIF

S E C R E T STATE 064878

E.O. 11652: N/A

TAGS: PFOR, TQ

SUBJECT: SUPPLEMENTARY INSTRUCTIONS CONCERNING FINANCIAL
ARRANGEMENTS WITH THE FIVE DISTRICTS OF
MICRONESIA (5)

NAVY POST GRADUATE SCHOOL NOT ADEE PERSONAL FOR
AMBASSADOR F. HAYDN WILLIAMS, LA PLAYA, CARMEL, CALIF.

1. (S) MEMORANDUM DTD 29 MAR 74 FOR AMBASSADOR F. HAYDN
WILLIAMS, THE PRESIDENT'S PERSONAL REPRESENTATIVE FOR
MICRONESIAN STATUS NEGOTIATIONS.

QUOTE "AFTER REVIEWING THE RECOMMENDATIONS CONTAINED IN
YOUR LETTER OF JANUARY 25, 1974 AND THE UNDER SECRETARIES
COMMITTEE MEMORANDUM OF FEBRUARY 23, 1974, THE PRESIDENT
HAS DECIDED ON THE FOLLOWING:

-- THAT THE CEILING OF DOLS 50 MILLION IN ANNUAL FINAN-
CIAL ASSISTANCE FOR THE FIVE DISTRICTS OF MICRONESIA
AUTHORIZED BY THE PRESIDENT'S INSTRUCTIONS OF NOVEMBER 14,
1973 SHOULD BE RAISED TO DOLS 60 MILLION. THIS CEILING WILL
INCLUDE GRANTS, LOANS, FEDERAL PROGRAMS AND SERVICES, AND
PAYMENTS FOR MILITARY LAND, AND WILL EXTEND FOR UP TO 15
YEARS. THIS FINANCIAL ASSISTANCE WILL BE CONTINGENT UPON
CONTINUED MICRONESIAN AGREEMENT TO US RIGHTS IN FOREIGN
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AFFAIRS AND DEFENSE AS PRESENTLY SPECIFIED IN THE COMPACT.

-- THIS FINANCIAL ASSISTANCE WILL BE SUBJECT TO REVIEWS PERIODICALLY AND AT THE END OF THE 15 YEAR PERIOD, WITH THE OBJECTIVE OF NEGOTIATING SUCH ADJUSTMENTS AS MAY BE SUPPORTIVE OF A CONTINUING FREE ASSOCIATION RELATIONSHIP. A SECOND MAJOR OBJECTIVE OF THESE REVIEWS SHOULD BE TO MAKE A GRADUAL REDUCTION IN U.S. FINANCIAL ASSISTANCE TO MICRONESIA, IN ORDER TO HELP MICRONESIA REDUCE ITS FINANCIAL DEPENDENCE ON THE UNITED STATES. THE REVIEWS SHOULD ALSO CONSIDER SUCH ADJUSTMENTS AS MAY BE REQUIRED BY CHANGES IN THE VALUE OF THE U.S. DOLLAR.

-- YOU MAY COMMIT THE U.S. GOVERNMENT TO PROVIDE UP TO DOLS 25 MILLION FOR ONE-TIME COSTS OF MOVING THE CAPITAL OF MICRONESIA FROM SAIPAN TO ANOTHER DISTRICT, SUBJECT TO THE APPROVAL OF THE U.S. CONGRESS, WITH ANYTHING ABOVE THAT FIGURE BEING PROVIDED ON A MATCHING BASIS OF TWO U.S. DOLLARS FOR EVERY DOLLAR PROVIDED BY MICRONESIA AND WITH AN ABSOLUTE U.S. CEILING OF DOLS 35 MILLION.

-- YOU MAY COMMIT THE U.S. GOVERNMENT TO PROVIDE A TERMINAL FIVE-YEAR CAPITAL IMPROVEMENTS PROGRAM OF NO LESS THAN DOLS 15 MILLION PER ANNUM FOR THE FIVE DISTRICTS OF MICRONESIA, THE PROGRAM TO BE DEVELOPED BY THE DEPARTMENT OF INTERIOR, TO BEGIN IN FY '75, AND TO BE SUBJECT TO THE APPROVAL OF THE U.S. CONGRESS.

/S/ HENRY A. KISSINGER, UNQUOTE" RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, TRUSTEESHIPS (UN), DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE064878
Document Source: CORE
Document Unique ID: 00
Drafter: OMSN:RYSCOTT:JMW
Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
Film Number: D740072-0348
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740477/aaaacsnr.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN INT
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 24 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 SEP 2002 by boyleja>; APPROVED <04 FEB 2003 by GolinoFR>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SUPPLEMENTARY INSTRUCTIONS CONCERNING FINANCIAL ARRANGEMENTS WITH THE FIVE DISTRICTS OF
TAGS: PFOR, EAID, TQ, US
To: NAVY POST GRADUATE SCHOOL MONTEREY
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005